
CONTRACT #4
RFS # 309.01-073
FA # 05-15985

Department of the Treasury

VENDOR:
Regions Financial
Corporation (formerly
AmSouth Bank)

RECEIVED

MAY 09 2008

FISCAL REVIEW

MEMORANDUM

TO: The Honorable M. D. Goetz, Jr., Commissioner
Department of Finance and Administration

FROM: Dale Sims, Treasurer
Department of the Treasury

DATE: May 7, 2008

RE: *Memorandum of Explanation for Submitting Noncompetitive Amendment
Request Less Than Sixty (60) Days Prior to Contract Amendment Start Date:
Regions Financial Corporation (formerly called AmSouth Bank)*

Since 1980, the State has had direct access to the Federal Reserve Bank (Fed) through the State Trust of Tennessee, a Limited Purpose Trust Company created by the General Assembly for the purpose of obtaining such access. Being a limited member of the Federal Reserve gave the Treasury Department access to the Federal Reserve Wire System, which is used to send, receive, transfer and control funds movement expediently under the Treasurer's management.

Due to restrictions imposed upon state-owned trust companies by the Federal Reserve Board, the State Trust was limited in the number of daily outgoing wire transfers to an average of eight to nine per day and could not settle ACH transactions through its account at the Federal Reserve. As a consequence of these restrictions, the State is required to contract with an agent bank to execute the additional outgoing wire transfer activities and the settlement of ACH transactions. Regions serves as the Trust's agent for the period July 1, 2004 through June 30, 2009. The contract with Regions resulted from a request for proposal issued by the Department in February 2004.

Recently, the State was advised by the Federal Reserve that the State will no longer have access to the Federal Reserve Wire System commencing September, 2008. As a consequence, the State must amend its contract with Regions to provide for the executions of all wire transfer activities (both incoming and outgoing).

While the timing of this situation is unfortunate, it is important we have an amendment in place as soon as possible to enable Regions to begin the necessary programming at Regions' site for the notification of incoming wire transfers to the State, and for the State to communicate the requisite wiring instructions to the public for use in wiring funds to the State's account commencing September 2008. If you have any questions or need any additional information, please do not hesitate to contact me at 741-2956.

REQUEST: NON-COMPETITIVE AMENDMENT

RECEIVED

MAY 28 2008

FISCAL REVIEW

APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	309.01-073	
2) State Agency Name :	Tennessee Treasury Department	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	The Contractor provides certain banking services to the State, which enables the State to carry out its duty of managing, disbursing, transferring and investing public funds.	
4) Contractor :	Regions Bank (formerly called AmSouth Bank)	
5) Contract #	FA-05-15985	
6) Contract Start Date :	July 1, 2004	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	June 30, 2009	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,663,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	02	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	July 1, 2008	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	June 30, 2009	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$1,663,000 (no increase in maximum cost as a result of this amendment)	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
Regions currently provides to the State the banking services the State cannot obtain directly from the Federal Reserve System, which services include the State's outgoing wire transfer activities that exceed the daily restrictions imposed by the Federal Reserve. Recently, the State was advised by the Federal Reserve that the State will no longer have access to the Federal Reserve Wire System effective September 30, 2008. As a consequence, the State must amend its contract with Regions to provide for the execution of all		

wire transfer activities (both incoming and outgoing).

15) Explanation of Need for the Proposed Amendment :

Since 1980, the State has had direct access to the Federal Reserve Bank (Fed) through the State Trust of Tennessee, a Limited Purpose Trust Company created by the General Assembly for the purpose of obtaining such access. Being a limited member of the Federal Reserve gave the Treasury Department access to the Federal Reserve Wire System, which is used to send, receive, transfer and control funds movement expediently under the Treasurer's management.

Due to restrictions imposed upon state-owned trust companies by the Federal Reserve Board, the State Trust was limited in the number of daily outgoing wire transfers to an average of eight to nine per day and could not settle ACH transactions through its account at the Federal Reserve. As a consequence of these restrictions, the State is required to contract with an agent bank to execute the additional outgoing wire transfer activities and the settlement of ACH transactions. Regions serves as the Trust's agent for the period July 1, 2004 through June 30, 2009. The contract with Regions resulted from a request for proposal issued by the Department in February 2004.

Recently, the State was advised by the Federal Reserve that the State will no longer have access to the Federal Reserve Wire System commencing September 30, 2008. As a consequence, the State must amend its contract with Regions to provide for the executions of all wire transfer activities (both incoming and outgoing).

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

Regions Bank is a subsidiary of Regions Financial Corporation, which is a publicly traded bank holding company on the New York Stock Exchange, which means that it is owned by numerous individuals and entities that purchase its stock.

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

As a consequence of the Federal Reserve's action, it is necessary the State immediately obtain wire transfer services for all its incoming and outgoing wires. If not, the State will not be able to receive or transfer funds via wire transfer. Regions currently provides all the banking services that the State cannot obtain through its limited membership in the Federal Reserve Bank System. These services were obtained through a request for proposal issued in 2004. Inclusion of the additional wire transfer activities is a logical extension of the contract since the Bank currently provides the outgoing wire transfer activities on behalf of the State that exceed the daily restrictions imposed by the Federal Reserve.

21) Justification for the Proposed Non-Competitive Amendment :

See Responses to Items 15 and 20 above.

REQUESTING AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Dale Sin

5/23/08

Agency Head Signature

Date

C O N T R A C T S U M M A R Y S H E E T

021908

RFS #		Contract #	
309.01—073—05		FA-05-15985-02	
State Agency		State Agency Division	
Tennessee Treasury Department		Cash Management	
Contractor Name		Contractor ID # (FEIN or SSN)	
Regions Bank (formerly AmSouth Bank)		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 63-0371391 (formerly 63-0935103)	
Service Description			
The Contractor provides certain banking services to the State, including wire transfer and Automated Clearing House services, which enable the State to carry out its duty of managing, disbursing, transferring and investing public funds.			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
July 1, 2004	June 30, 2009	Vendor	
Mark Each TRUE Statement			
<input checked="" type="checkbox"/> Contractor is on STARS		<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts	
Allotment Code	Cost Center	Object Code	Fund
309.01	042	089	11
FY	State	Federal	Interdepartmental
2005	\$260,000		
2006	\$260,000		
2007	\$359,000		
2008	\$392,000		
2009	\$392,000		
TOTAL:	\$1,663,000		
— COMPLETE FOR AMENDMENTS ONLY —		State Agency Fiscal Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building (615) 253-3855
2005	\$260,000		State Agency Budget Officer Approval
2006	\$260,000		
2007	\$359,000		
2008	\$392,000		
2009	\$392,000	\$0.00	
TOTAL:	\$1,663,000	\$0.00	Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
End Date:	June 30, 2009	June 30, 2009	
Contractor Ownership (complete for ALL base contracts— N/A to amendments or delegated authorities)			
<input type="checkbox"/> African American	<input type="checkbox"/> Person w/ Disability	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> NOT Minority/Disadvantaged
<input type="checkbox"/> Government <input type="checkbox"/> Other			
Contractor Selection Method (complete for ALL base contracts— N/A to amendments or delegated authorities)			
<input type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation *	<input type="checkbox"/> Alternative Competitive Method *	
<input type="checkbox"/> Non-Competitive Negotiation *	<input type="checkbox"/> Negotiation w/ Government (ID, GG, GU)	<input type="checkbox"/> Other *	
* Procurement Process Summary (complete for selection by Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)			

**AMENDMENT TWO
TO CONTRACT FA-05-15985-00
BETWEEN THE STATE OF TENNESSEE,
TREASURY DEPARTMENT
AND
AMSOUTH BANK**

This Contract Amendment is made and entered by and between the State of Tennessee, Treasury Department, hereinafter referred to as the "State" and AmSouth Bank, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section A.5.a. is deleted in its entirety and replaced with the following:

"a. Communication Process. The Contractor shall accept and process outgoing and incoming wire transfers on behalf of the State. Outgoing wire transfer requests made by the State shall be delivered by the State to the Contractor in accordance with pages 14 – 16 of the Contractor's Proposal and in accordance with the Operating Procedures developed pursuant to Section A.2 above. The Contractor shall provide an electronic interface between the Contractor's wire transfer system and the State's in-house wire system, which in-house system is known as the Automated Cash Management Entry system (ACME). Such interface shall ensure that no re-keying of data in the ACME system by the State will be necessary to send wires or to confirm the execution of the wires in the ACME system. The Contractor shall provide the State with the proper wiring instructions to be used for all incoming wires to the State's Deposit Account. Notification of incoming wire transfers to the State shall be communicated by the Contractor to the State via a virtual protocol network (VPN) established by the Contractor and approved by the State, which shall entail an e-mail transmission to the State upon receipt of an incoming wire by the Contractor. All incoming wires received by the Contractor in proper format shall be posted to the State's Deposit Account within thirty (30) minutes of the Contractor's receipt of the same and an e-mail transmission as established by the VPN shall be sent by the Contractor to the State immediately upon receipt of the wired funds. For wires received by the Contractor that are not in proper format, every effort shall be made by the Contractor to post the wires to the State's Deposit Account on the date of receipt in accordance with Tennessee Code Annotated, Section 47-4A-207. By 9:00 a.m. on each business day, the Contractor shall provide to the State via electronic delivery an incoming wire receipt file in a BAI format showing all incoming wire receipt activity occurring the previous business day."

2. The text of Contract Section A.5.b. is deleted in its entirety and replaced with the following:

"b. Transaction Timing. The Contractor shall accept communication of outgoing wire transfer instructions during the hours of 7:30 a.m. through 4:00 p.m. for same day settlement. No more than thirty (30) minutes shall elapse between the receipt of outgoing wire transfer instructions by the Contractor and the corresponding confirmation to the State of the transfer of funds, except when either the Federal Reserve Wire Transfer System is inoperable, the State has reached its net debit position referred to in Section A.8 hereof, or when the State, at the Contractor's written request, has delivered to the Contractor a written waiver thereof. Any such waiver by the State shall only be applicable to the one occasion waived and shall not be construed as a waiver of such requirement on any future occasion. If the Contractor's attempt to execute the transfer of funds fails, the Contractor shall notify the State by telephone at the time the Contractor is made aware of such failure."

3. The text of Contract Section A.5.c. is deleted in its entirety and replaced with the following:

"c. Outgoing Wire Transaction Confirmation. After all outgoing wire transfer instructions have been executed (or in the case of a failure to execute, after the State has been notified of the failure), the Contractor shall confirm the status of each wire transfer as either executed or failed. Each outgoing wire initiated by the State shall be confirmed by the Contractor according to the Operating Procedures developed pursuant to Section A.2 above."

4. The text of Contract Section A.5.d. is deleted in its entirety and replaced with the following:

"d. Transaction Processing. All outgoing and incoming wire transfers made on behalf of the State shall be processed and confirmed by the Contractor in the same manner as provided above regardless of the payee or payor."

5. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

"3. Payment Methodology. The Contractor shall be compensated based on the Unit Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Unit Rates, less the amount of earnings credited to the Deposit Account pursuant to Section A.4.b:

Services	Unit	Unit Rate
a. Fed Wire Transfer Services		
(1) Outgoing wires	Each	\$3.75
(2) Incoming wires	Each	\$3.00
(3) Custom Programming Setup for Incoming Wires via VPN as provided in Section A.5.a. of this Contract	One-time Charge	\$250.00
b. ACH Services		
(1) Credits originated (without addenda)	Each	\$0.026
(2) Addenda records originated	Each	\$0.015
(3) Debits originated	Each	\$0.026
(4) Credits received	Each	\$0.026
(5) Debits received	Each	\$0.026
(6) Returns/corrections received	Each	\$0.75
(7) Returns originated	Each	\$0.75
(8) Dishonor returns originated	Each	\$0.75
(9) Reversal of originated items	Each	\$1.00
c. Account Maintenance	Monthly	\$150.00
d. Custodial Services		
(1) DTC items	Daily	.000045 multiplied by the average daily balance of DTC items held in the Custody Account during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month.

(2) Fed book entry items

Daily

.00006 multiplied by the average daily balance of Fed book entry items held in the Custody Account during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month.

The Contractor shall submit invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted on a monthly basis and shall, at a minimum, include an itemized list of the unit rates charged for each service performed, the average daily par value of all Securities held in the Custody Account during the month for which the invoice relates, the earnings allowance on the Deposit Account for the applicable month, and the total amount due the Contractor for the period invoiced."

6. Contract Attachment 1 is deleted in its entirety and replaced with the new Contract Attachment 1 attached hereto.
7. Contract Attachment 2 is deleted in its entirety and replaced with the new Contract Attachment 2 attached hereto.
8. The following is added as Contract Section E.12.:

E.12. Contractor Name. All references to "AmSouth Bank" shall be deleted and replaced with "Regions Bank."
9. The following is added as Contract Section E.13.:

E.13. Federal Employer Identification Number. All references to FEIN, "63-0935103" shall be deleted and replaced with FEIN, "63-0371391."

The revisions set forth herein shall be effective July 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

REGIONS BANK:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

TREASURY DEPARTMENT:

DALE SIMS, STATE TREASURER

DATE

APPROVED:

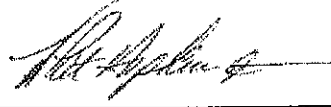
M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

DATE

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE

ATTACHMENT 1

ACORD™		CERTIFICATE OF INSURANCE		ISSUE DATE 05/20/2008	
PRODUCER MCGRIFF, SEIBELS & WILLIAMS OF GEORGIA, INC. 5605 Glenridge Drive - Suite 300 Atlanta, GA 30342 404 497-7500			This certificate is issued as a matter of information only and confers no rights upon the Certificate Holder. This Certificate does not amend, extend or alter the coverage afforded by the policies below.		
			COMPANIES AFFORDING COVERAGE		
INSURED Regions Financial Corporation and Regions Bank 1900 Fifth Avenue North (BRC9) Birmingham, AL 35203			Company A XL Specialty Insurance Co.		
			Company B		
			Company C		
			Company D		
			Company E		
This is to certify that the policies of insurance described herein have been issued to the Insured named herein for the policy period indicated. Notwithstanding any requirement, term or condition of contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, conditions and exclusions of such policies. Limits shown may have been reduced by paid claims.					
CO LT	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE EXPIRATION	LIMITS OF LIABILITY	
	GENERAL LIABILITY <input type="checkbox"/> Commercial General Liability <input type="checkbox"/> Claims Made <input type="checkbox"/> Occurrence <input type="checkbox"/> Owners' and Contractors' Protection <input type="checkbox"/> <input type="checkbox"/> General Aggregate Limit applies per: <input type="checkbox"/> Policy <input type="checkbox"/> Project <input type="checkbox"/> Location			EACH OCCURRENCE \$ FIRE DAMAGE \$ MEDICAL EXPENSE \$ PERS. AND ADVERTISING INJURY \$ GENERAL AGGREGATE \$ PRODUCTS AND COMP. OPER. AGG. \$	
	AUTOMOBILE LIABILITY <input type="checkbox"/> Any Automobile <input type="checkbox"/> All Owned Automobiles <input type="checkbox"/> Scheduled Automobiles <input type="checkbox"/> Hired Automobiles <input type="checkbox"/> Non-owned Automobiles <input type="checkbox"/>			COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ COMPREHENSIVE COLLISION	
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY			WC Statutory Limit <input type="checkbox"/> Other <input type="checkbox"/> EL EACH ACCIDENT \$ EL DISEASE (Each employee) \$ EL DISEASE (Policy Limit) \$ EACH OCCURRENCE \$ AGGREGATE \$	
	EXCESS LIABILITY <input type="checkbox"/> Occurrence <input type="checkbox"/> Claims Made			EACH OCCURRENCE \$ AGGREGATE \$	
A	BLANKET FIDELITY BOND	ELU100915-07	11/04/2007 11/04/2008	\$25,000,000 per loss \$ \$50,000,000 Aggregate \$ \$ \$ \$	
CERTIFICATE HOLDER Treasury Department 11th Floor Andrew Jackson Building 502 Deaderick Street Nashville, TN 37243			SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.		
			Authorized Representative 		
			Page 1 of 1 Certificate ID # 11LKBP41		

ATTACHMENT 2

Pursuant to Section E.6 of the Contract between the State of Tennessee, Treasury Department, hereinafter referred to as the "State", and AmSouth Bank, hereinafter referred to as the "Contractor", each party has outlined below the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given under the Contract. This Attachment 2 shall be valid until revoked or amended by further written notice. The parties shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

AUTHORIZED INDIVIDUALS OF THE STATE

<u>Authorized Individual</u>	<u>Position</u>
Ed Hennessee	Assistant to the Treasurer
Tim McClure	Cash Manager
Randy Graves	Senior Portfolio Manager

The individuals listed above, auditors employed by the state of Tennessee, and the following individuals are authorized to make inquiries concerning the Contract. Inquiries include requests for Account balances, inquiries concerning Account transactions, and requests for information concerning statements and confirmations. Such requests may be written or verbal.

<u>Authorized Individual</u>	<u>Position</u>
Rick DuBray	Assistant to the Treasurer
Kim Morrow	Director of Accounting
Connie Gibson	Assistant Director of Accounting
Karen Baumgartel	Operations Supervisor
Kim Otts	Accounting Technician

Date Effective

Dale Sims, State Treasurer

AUTHORIZED INDIVIDUALS OF CONTRACTOR

<u>Authorized Individual</u>	<u>Position</u>
Tamara L. Johnston	Senior Vice President
Allen Oakley	Senior Vice President
Sheria Washington	Commercial Banking Officer
Garth Kilburn	Senior Vice President

Date Effective

CONTRACT SUMMARY SHEET

060706

RFS #	Contract #
309.01 — 073 — 05	FA — 05 — 15985 — 01
State Agency	State Agency Division
Tennessee Treasury Department	Cash Management Division
Contractor Name	Contractor ID # (FEIN or SSN)
AmSouth Bank	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 63-0935103

Service Description

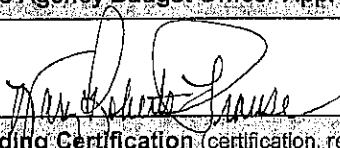
The Contractor provides certain banking services to the State, which enables the State to carry out its duty of managing, disbursing, transferring and investing public funds.

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
July 1, 2004	June 30, 2009	Vendor	

Mark Each TRUE Statement

☒ Contractor is on STARS ☒ Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
309.01	042	089	11		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2005	\$260,000				\$260,000
2006	\$260,000				\$260,000
2007	\$359,000				\$359,000
2008	\$392,000				\$392,000
2009	\$392,000				\$392,000
TOTAL:	\$1,663,000				\$1,663,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	Mary Roberts-Krause, General Counsel 10 th Floor, Andrew Jackson Building 741-8202, extension 104 State Agency Budget Officer Approval  Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
2005	\$260,000		
2006	\$260,000		
2007	\$260,000	\$99,000	
2008	\$260,000	\$132,000	
2009	\$260,000	\$132,000	
TOTAL:	\$1,300,000	\$363,000	
End Date:	June 30, 2009	June 30, 2009	

Contractor Ownership (complete only for base contracts with contract # prefix: FA or GR)

☐ African American
 ☐ Person w/ Disability
 ☐ Hispanic
 ☐ Small Business
 ☒ NOT minority/disadvantaged
☐ Asian
☐ Female
☐ Native American
☐ OTHER minority/disadvantaged—

Contractor Selection Method (complete for ALL base contracts—N/A to amendments or delegated authorities)

☐ RFP
☐ Competitive Negotiation
☐ Alternative Competitive Method
☐ Non-Competitive Negotiation
☐ Negotiation w/ Government (e.g., ID, GG, GU)
☐ Other

Procurement Process Summary (complete for selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation, OR Other)

NOV - 1 2009

**AMENDMENT ONE
TO CONTRACT FA-05-15985-00
BETWEEN THE
STATE OF TENNESSEE, TREASURY DEPARTMENT
AND
AMSOUTH BANK**

This Contract, by and between the State of Tennessee, Treasury Department, hereinafter referred to as the State, and AmSouth Bank, hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.9.a in its entirety and insert the following in its place:

"a. Accounts. The Contractor agrees to establish and maintain a custody account in the name of the State (the "Custody Account"), which shall contain exclusively the Securities owned by the State. For purposes of this Contract, "Securities" shall mean commercial paper, book entry United States Government agencies' securities, banker's acceptances, securities transferred through the Depository Trust Company, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase or subscribe for the same or evidencing or representing any other rights or interests therein or other similar property from time to time received by the Contractor or its subcustodians in accordance herewith. The Custody Account shall be divided into two sub-accounts. One such sub-account shall contain the book entry United States Government agencies' securities and the remaining sub-account shall contain all other Securities. Any and all cash received by the Contractor on behalf of the State pursuant to this Section A.9 shall be held in the Deposit Account established and maintained by the Contractor in the name of the State pursuant to Section A.4.a hereof, the cash so held not being subject to withdrawal by draft or check."

2. Delete Section A.9.d.(1) in its entirety and insert the following in its place:

"(1) Upon direction by the State and in accordance with the terms of this Paragraph d, the Contractor is authorized to hold Securities in the Depository Trust Company, in the Federal Reserve Book Entry System or at such other financial institution as may be authorized by the State in writing, hereinafter collectively referred to as "subcustodians", or singularly referred to as "subcustodian"."

3. Delete Section A.9.h. in its entirety and insert the following in its place:

"h. Collection of Principal and Maturities. The Contractor is authorized to collect and receive the principal of all Securities which may from time to time be within its custody when and as they may mature, or as they may be redeemed, or as they may be sold upon the instructions of the State. In the event the Contractor is unable to effect collection, it shall promptly notify the State. Notwithstanding any provision of this Contract to the contrary, the proceeds resulting from the maturity of Securities held in the Custody Account shall be wired and credited to the State's Deposit Account established and maintained by the Contractor pursuant to Section A.4.a hereof by no later than 9:00 a.m. on maturity date, except for proceeds resulting from the maturity of book entry United States Government agencies' securities. The proceeds resulting from the maturity of book entry United States Government agencies' securities shall be wired and credited to the State's Deposit Account upon receipt of the same by the Contractor. The settlement of proceeds between the Contractor and the State resulting from the maturity of all Securities held in the Custody Account shall occur in the net settlement of the Deposit Account pursuant to Section A.8 on the date the Securities mature. The parties acknowledge that the actual settlement of such Securities will not occur until approximately 3:00 p.m. on the maturity date. As a result, the State agrees that upon notification from the Contractor of non-receipt of the proceeds by 3:00 p.m. on maturity date, the State shall wire to the Contractor the principal amount of such proceeds, plus interest on such amount equal to the equivalent of the effective average Federal Funds rate plus 25 basis points multiplied by the principal amount of the proceeds divided by 360, multiplied by 1. The State shall wire said amount to the Contractor by

no later than 10:00 a.m. on the next business day after notification of non-receipt from the Contractor."

4. Delete Section C.1. in its entirety and insert the following in its place:

"1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million six hundred sixty-three thousand dollars (\$1,663,000). The Unit Rates in Section C.3 shall constitute the entire compensation due the Contractor for the services hereunder and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

5. Delete Section C.3. in its entirety and insert the following in its place:

"3. Payment Methodology. The Contractor shall be compensated based on the Unit Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Unit Rates, less the amount of earnings credited to the Deposit Account pursuant to Section A.4.b:

Services	Unit	Unit Rate
a. Fed Wire Transfer Services		
(1) Outgoing wires	Each	\$3.75
(2) Incoming wires	Each	\$3.75
b. ACH Services		
(1) Credits originated (without addenda)	Each	\$0.026
(2) Addenda records originated	Each	\$0.015
(3) Debits originated	Each	\$0.026
(4) Credits received	Each	\$0.026
(5) Debits received	Each	\$0.026
(6) Returns/corrections received	Each	\$0.75
(7) Returns originated	Each	\$0.75
(8) Dishonor returns originated	Each	\$0.75
(9) Reversal of originated items	Each	\$1.00
c. Account Maintenance	Monthly	\$150.00

d. Custodial Services

(1) DTC items	Daily	.000045 multiplied by the average daily balance of DTC items held in the Custody Account during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month.
(2) Fed book entry items	Daily	.00006 multiplied by the average daily balance of Fed book entry items held in the Custody Account during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month.

The Contractor shall submit invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted on a monthly basis and shall, at a minimum, include an itemized list of the unit rates charged for each service performed, the average daily par value of all Securities held in the Custody Account during the month for which the invoice relates, the earnings allowance on the Deposit Account for the applicable month, and the total amount due the Contractor for the period invoiced.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF,


AMSOUTH BANK

By: 
(Signature)

Date: 10/19/06

Betty K Parker, Vice President
(Signatory Printed Name and Title)

DEPARTMENT OF TREASURY:

By: 
Dale Sims, Treasurer

Date: 10/19/06

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

By: MD Goetz OCT 24 2006
M. D. Goetz, Jr., Commissioner

Date: _____

COMPTROLLER OF THE TREASURY:

By: John G. Morgan
John G. Morgan, Comptroller of the Treasury

Date: 10-26-06

CONTRACT SUMMARY SHEET

RFS Number:	309.01-073	Contract Number:	FA- 05-15485-06
State Agency:	Tennessee Treasury Department	Division:	Cash Management

Contractor:	Contractor Identification Number:
AmSouth Bank	<input checked="" type="checkbox"/> V- 63-0935103 - 05 <input type="checkbox"/> C-

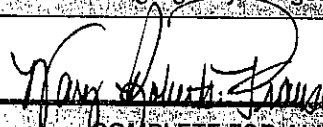
Service Description
The Contractor will provide certain banking services to the State, including wire transfer and Automated Clearing House services, which enable the State to carry out its duty of managing, disbursing, transferring and investing public funds.

Contract Begin Date	Contract End Date
July 1, 2004	June 30, 2009

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
309.01	042	089	11	<input type="checkbox"/> on STARS		

FY	State Funds	Federal Funds	Interdepartmental Funds	Other Funding	Total Contract Amount (including ALL amendments)
2005	\$260,000				\$260,000
2006	\$260,000				\$260,000
2007	\$260,000				\$260,000
2008	\$260,000				\$260,000
2009	\$260,000				\$260,000
Total:	\$1,300,000				\$1,300,000

CFDA #	Check the box ONLY if the answer is YES:
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State Fiscal Contact		Is the Contractor a SUBRECIPIENT? (per OMB A-139)	
Name:	Mary Roberts-Krause, General Counsel	Is the Contractor a VENDOR? (per OMB A-133)	✓
Address:	10 th Floor, Andrew Jackson Building	Is the Fiscal Year Funding STRICTLY LIMITED?	
Phone:	(615) 741-8202, extension 104	Is the Contractor on STARS?	✓
Procuring Agency Budget Officer Approval Signature		Is the Contractor's FORM W-9 ATTACHED?	✓
		Is the Contractor's Form W-9 Filed with Accounts?	

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
END DATE →			
FY:			
FY:			
FY:			
FY:			
Total:			

JUL 19 2004

DIRECTOR OF ACCOUNTS

RECEIVED
2004 JUN 16 AM 8:30
COMPTROLLER'S OFFICE
OFFICE OF
MANAGEMENT SERVICES

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TREASURY
AND
AMSOUTH BANK

~~THIS CONTRACT, by and between the State of Tennessee, Treasury Department, hereinafter~~
referred to as the "State", and AmSouth Bank, hereinafter referred to as the "Contractor", is for the
provision of certain banking services for the State of Tennessee, as further defined in the "SCOPE OF
SERVICES", below.

The Contractor is an Alabama banking corporation. The Contractor's address is 315 Deaderick
Street, Nashville, Tennessee 37237. The Contractor's place of incorporation or organization is the
State of Alabama.

WITNESSETH:

WHEREAS, the State has direct access to the Federal Reserve Bank through the State Trust of
Tennessee, a limited purpose trust company; and

WHEREAS, such access enables the State to obtain the services of the Federal Reserve System
in carrying out its duty of managing, disbursing, transferring, and investing public funds; and

WHEREAS, certain essential Federal Reserve System services available to a depository
institution are not available to the State and, therefore, the State must contract with a state depository
for the delivery of such services; and

WHEREAS, the Contractor is a state depository and desires to provide such services on behalf of
the State.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein contained,
the parties have agreed and do hereby enter into this Contract according to the provisions set out
herein:

A. SCOPE OF SERVICES:

1. Incorporation of Additional Documents.

a. Documents Incorporated. Included in this Contract by reference are the following documents:

- (1) The Contract document and its attachments;
 - (2) The Operating Procedures to be developed pursuant to Section A.2 below;
 - (3) All clarifications and addenda, if any, made to the Contractor's Proposal dated March 16, 2004, made in response to the State of Tennessee, Treasury Department Request for Proposals for Banking Services, RFP Number: 309.01-073;
-

(4) The State of Tennessee, Treasury Department Request for Proposals for Banking Services, RFP Number: 309.01-073 and its associated amendments (the "RFP");

(5) Technical Specifications, if any, provided to the Contractor; and

(6) The Contractor's Proposal.

b. Order of Document Precedence. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

2. ***Operating Procedures***. The Contractor shall assist the State in developing Operating Procedures for the Contractor's performance of the banking services set forth herein. Once developed, said Procedures shall be considered a part of this Contract as though fully set forth herein and the Contractor shall perform such services in accordance with the Operating Procedures, this Contract and the documents described in Section A.1 above. Said Procedures may be amended in writing from time to time by mutual agreement of the parties. The parties agree to amend the Operating Procedures should any changes be necessary in order to comply with any applicable State or Federal laws or regulations specifically relating to the services hereunder.

3. ***Times of Day***. All times of day referred to throughout this Contract shall be on Central Standard or Daylight Savings Time, as applicable.

4. ***Account Level Services***.

a. Establishment of Account. The Contractor shall establish and maintain an account in the name of the State for the receipt of funds from time to time received by the Contractor on behalf of the State hereunder (the "Deposit Account").

b. Account Balances. The Contractor agrees the State will receive a credit monthly for the Deposit Account's average daily available account balance at an earnings rate calculated in accordance

with pages 23 and 24 of the Contractor's Proposal. Earnings allowances on the Deposit Account shall be used to offset compensation payable to the Contractor pursuant to Section C of this Contract. In the event the average collected balance for the month in the Deposit Account is negative, the State agrees to pay a service charge which shall be the equivalent of the effective average Federal Funds rate plus 25 basis points multiplied by the negative collected balance divided by 12.

c. Collateral Level. Any funds remaining in the Deposit Account overnight shall be collateralized in accordance with the Collateral Pool for Public Deposits Act of 1990, which is codified in Tennessee Code Annotated, Title 9, Chapter 4, Part 5.

d. Bank Statements.

(1) Daily. By 9:00 a.m. on each business day, the Contractor shall provide to the State via electronic delivery a bank statement of all transactions recorded against the Account for the previous day. The content, timing and delivery of the bank statement as well as the number of transaction history days available shall be as described in page 23 of the Contractor's Proposal. The daily statement shall include, at a minimum, the previous day's beginning balance, the previous day's ending balance, the total number of debits and credits, the total dollar amount of debits and credits as well as transactions posted against the Deposit Account on the previous day.

(2) Monthly. On a monthly basis, the Contractor shall mail to the State a statement of the Deposit Account activity for the preceding calendar month. The statement shall include, at a minimum, beginning and ending ledger balances for the month, debit and credit transaction detail and a summary of account activity. Such statement shall be mailed within five (5) business days from the calendar month-end.

e. Account Analysis Statement. At the close of each month, the Contractor shall provide to the State a Deposit Account analysis statement. The content, timing and delivery of the analysis statement shall be as described in page 23 of the Contractor's Proposal.

5. Wire Transfer Services.

a. Communication Process. The Contractor shall accept and process wire transfer requests on behalf of the State. Such wire transfer requests shall be delivered by the State to the Contractor in accordance with pages 14 – 16 of the Contractor's Proposal and in accordance with the Operating

Procedures developed pursuant to Section A.2 above. The Contractor shall provide an electronic interface between the Contractor's wire transfer system and the State's in-house wire system, which in-house system is known as the Automated Cash Management Entry system (ACME). Such interface shall ensure that no re-keying of data in the ACME system by the State will be necessary to send wires or to confirm the execution of the wires in the ACME system.

b. Transaction Timing. The Contractor shall accept communication of wire transfer instructions during the hours of 7:30 a.m. through 4:00 p.m. for same day settlement. No more than thirty (30) minutes shall elapse between the receipt of the wire transfer instructions by the Contractor and the corresponding confirmation to the State of the transfer of funds, except when either the Federal Reserve Wire Transfer System is inoperable, the State has reached its net debit position referred to in Section A.8 hereof, or when the State, at the Contractor's written request, has delivered to the Contractor a written waiver thereof. Any such waiver by the State shall only be applicable to the one occasion waived and shall not be construed as a waiver of such requirement on any future occasion. If the Contractor's attempt to execute the transfer of funds fails, the Contractor shall notify the State by telephone at the time the Contractor is made aware of such failure.

c. Transaction Confirmation. After all wire transfer instructions have been executed (or in the case of a failure to execute, after the State has been notified of the failure), the Contractor shall confirm the status of each wire transfer as either executed or failed. Each wire initiated by the State shall be confirmed by the Contractor according to the Operating Procedures developed pursuant to Section A.2 above.

d. Transaction Processing. All wire transfer requests made by the State shall be processed and confirmed by the Contractor in the same manner as provided above regardless of the payee.

e. Communications Link. The Contractor shall provide and maintain an encrypted communications link between the Contractor and the State for wire transmission. The communications link must be acceptable to the State and must be encrypted to provide an equivalent level of security to the Federal Reserve wire system. The Contractor shall also provide an alternative, independent wire transmission capability that is acceptable to the State and which can be available within one (1) hour. The Contractor represents that the minimum hardware configuration that shall be required for such link

are those specified in page 14 of the Contractor's Proposal. The software that shall be used to satisfy both ends of the link and the software to be used in the installation thereof shall be as specified in page 14 of the Contractor's Proposal.

f. Security and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent wire transfer activities. The Contractor shall further maintain a robust, alternate wire transfer service resumption plan, which addresses events affecting the Contractor's site, the State of Tennessee's Office for Information Resources (OIR) Data Center and the State's offices. Such risk control procedures and alternative service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above. Such plan shall provide an alternate mechanism for non-electronic communication of wire instructions from the State to the Contractor.

6. Automated Clearing House (ACH) Services.

a. Communication and Confirmation Process. The Contractor shall accept and process all ACH transaction activity on behalf of the State, and settle the same with the Federal Reserve. The State shall transmit ACH files to the Contractor and receive incoming ACH files from the Contractor in accordance with page 18 of the Contractor's Proposal. Detailed procedures for this process shall be contained in the Operating Procedures developed pursuant to Section A.2 above.

b. Communications Link. The Contractor shall implement and maintain on behalf of the State at least one high speed dedicated communication link between the Contractor and the State for the purpose of transmitting and receiving ACH files hereunder. Said communication link(s) must be acceptable to the State and must be encrypted in compliance with current ACH Rules. The Contractor shall also provide an alternative, independent ACH transmission capability that is acceptable to the State and which can be available within one (1) hour.

c. Communications of Returns and Corrections. The Contractor shall report all banks' return items to the State through the daily ACH receipt file transmission and, at the State's request, provide a back-up of such transmission by paper reports through telefax or mail. If the Contractor discovers a file error, the Contractor shall contact the State by telephone immediately for further processing

instructions. All errors shall be resolved on a same day basis. If errors cannot be resolved within the same day due to required research, the Contractor shall provide the State a daily status update of the progress being made to resolve the errors.

d. Notification of Daily Settlement Amount. Daily ACH receipt files shall be delivered by the Contractor to the State in the format and at the time specified in page 18 of the Contractor's Proposal. Said files shall provide notification of incoming items to settle on the State's Deposit Account that day. Any incoming items received by the Contractor in the afternoon Federal Reserve file shall be transmitted to the State the following morning. For reporting purposes, the Contractor shall notify the State of daily ACH activity totals settling that day on the Deposit Account by 9:00 a.m. The Contractor shall provide to the State an ACH transaction report which provides an on-line status report of the State's ACH transactions through a personal computer and communications software located at the State's facilities.

e. File Regeneration. The Contractor shall retain ACH data transmission files for a rolling thirty-day period. Should the State need an ACH receipt file retransmitted for any reason, the Contractor shall retransmit the same within twenty-four (24) hours of the State's request so long as such file is still retained on the Contractor's system.

f. Security and Recovery. The Contractor shall maintain risk control procedures to protect against unauthorized access of both computer resources and data to reduce erroneous or fraudulent ACH transfer activities. The Contractor shall further maintain a robust, alternate ACH service resumption plan, which addresses events affecting the Contractor's site, the OIR Data Center and the State's offices. Such risk control procedures and service resumption plan shall be developed by the Contractor and the State and shall be included in the Operating Procedures described in Section A.2 above. Such plan shall provide for resumption of ACH processing within seventy-two (72) hours in the event of a disaster, which affects the Contractor's primary service delivery office(s). The plan shall also require the Contractor to coordinate with OIR and the State's Disaster Recovery site vendor to assure the redirection of the ACH link to the State's Disaster Recovery hot site along with State leased circuits and the availability of encrypted transmission capability to the State Disaster Recovery site within forty-eight (48) hours of an event requiring OIR to shift State operations to its Disaster

Recovery site. The plan shall also include a plan for the physical exchange of ACH files with the State in the event that electronic delivery is not feasible.

g. Requests of ACH Rules and Regulations. Upon request by the State, the Contractor shall provide a copy of any requested rules, regulations and guidelines issued by regulatory authorities or governing bodies that are applicable to ACH services.

7. Settlement of State Trust In-clearing Items. The Contractor shall provide intra-day funding of the presentment of in-clearing items by the Federal Reserve Bank for the State Trust of Tennessee. Said services shall be performed in accordance with page 21 of the Contractor's Proposal.

8. Settlement Process Services.

a. The State shall settle with the Contractor for transactions executed according to the State's instructions and confirmed by the Contractor at least once daily or as often as necessary to ensure that the State does not exceed a net debit position of seventy-five million dollars (\$75,000,000) with the Contractor. Settlement shall be by Federal Reserve Wire Transfer of funds from (or to) the State Trust of Tennessee in accordance with page 21 of the Contractor's Proposal. The settlement, a wire transfer to or from the Contractor, shall be completed by 4:00 p.m. If the net settlement is expected to be a wire from the Contractor to the State, the State shall request a transfer from the Contractor of a sufficient amount to cause the final settlement to be a wire from the State to the Contractor. The wire requested by the State shall be sent to the State within thirty (30) minutes of the request.

b. The Contractor shall assign one primary contact and a backup at the Contractor's service delivery office(s) to confirm the settlement amount. The Contractor shall assign staff for the processing of settlements hereunder pursuant to page 22 of the Contractor's Proposal.

9. Custodial Services.

a. *Accounts.* The Contractor agrees to establish and maintain a custody account in the name of the State (the "Custody Account") which shall contain exclusively the Securities owned by the State. For purposes of this Contract, "Securities" shall mean commercial paper, nonbook entry United States Government agencies' securities, banker's acceptances, securities transferred through the Depository Trust Company, or the Participants Trust Company, and any certificates, receipts, warrants or other instruments representing rights to receive, purchase or subscribe for the same or evidencing or

representing any other rights or interests therein or other similar property from time to time received by the Contractor or its subcustodians in accordance herewith. Any and all cash received by the Contractor on behalf of the State pursuant to this Section A.9 shall be held in the Deposit Account established and maintained by the Contractor in the name of the State pursuant to Section A.4.a hereof, the cash so held not being subject to withdrawal by draft or check.

b. Responsibility. The Contractor shall not make any other use or disposition or take any action with respect to Securities and cash received hereunder except in accordance with the terms of this Contract.

c. Maintenance of Accounts. Except as provided in Section A.9.d. below, the Contractor shall hold all Securities at AmSouth Operations Center, 290 Parkway Office Circle, Birmingham, Alabama 35244.

d. Subcustodians.

(1) Upon direction by the State and in accordance with the terms of this Paragraph d, the Contractor is authorized to hold Securities in the Depository Trust Company, the Participants Trust Company, in the Federal Reserve Book Entry System or at such other financial institution as may be authorized by the State in writing, hereinafter collectively referred to as "subcustodians", or singularly referred to as "subcustodian".

(2) The Contractor shall identify on its books as belonging to the State any Securities held by a subcustodian. In the event any of the Securities is to be held by a subcustodian, such subcustodian shall be required by its agreement with the Contractor to identify on its books such Securities as being held for the account of the Contractor for its customers. The Contractor shall only deposit Securities in an account with a subcustodian which includes exclusively the assets held by the Contractor for its customers, and the Contractor shall cause such account to be designated by such subcustodian as a special custody account for the exclusive benefit of customers of the Contractor.

(3) The Contractor shall be liable to the State for any losses incurred through any subcustodian to which physical possession of Securities are entrusted to the same extent that it would be liable to the State if the Contractor had retained physical possession of the same.

(4) The Contractor will authorize the holding of Securities by a subcustodian only to the extent that the Securities are not subject to any right, charge, security interest, lien or claim of any kind in favor of such subcustodian and only to the extent that beneficial ownership of such Securities is freely transferable without the payment of money or value. Any costs, fees or expenses associated with the safekeeping and servicing of the Securities by a subcustodian shall be the responsibility of the Contractor.

e. Purchases. Upon instructions from the State, the Contractor shall accept delivery of Securities purchased by the State "in good delivery form" and make payment for such Securities upon receipt. The Contractor and the State shall include the cost of such purchased Securities in the net settlement of the Deposit Account pursuant to Section A.8 hereof on the date payment for such Securities is made by the Contractor. With respect to any directions to receive Securities, the Contractor shall advise the State of non-receipt of such Securities but shall have no duty or responsibility to take any steps to obtain delivery of securities from brokers or others either against payment or free of payment.

f. Sales!

(1) Upon the instructions of the State, the Contractor shall deliver Securities as the State shall direct.

(2) Payment from the sale of Securities shall be promptly credited by the Contractor to the Deposit Account. Any direct loss to the State including, but not limited to, penalties paid by the State, transaction costs and interest earnings lost by the State caused by the Contractor's failure or delay in collecting or crediting payments shall be reimbursed to the State by the Contractor to the extent such failure or delay could have been avoided by the Contractor's exercise of due care.

(3) The Contractor and the State shall include the proceeds from the sale of Securities in the net settlement of the Deposit Account pursuant to Section A.8 hereof on the date of collection of the same by the Contractor.

g. Dividends and Interest. The Contractor shall collect and receive all interest and other income from the Securities held in the Custody Account. Interest shall be credited to the Deposit Account promptly and shall be included in the net settlement of the Deposit Account pursuant to Section A.8

hereof on the interest due date. The Contractor shall promptly notify the State of any default in the payment of interest. The Contractor is authorized, as the State's agent, to sign any declarations, affidavits, certificates of ownership or other documents which are now or may hereafter be required with respect to all coupons, registered interest, or other income on Securities now or hereafter held or received for the State.

h. Collection of Principal and Maturities. The Contractor is authorized to collect and receive the principal of all Securities which may from time to time be within its custody when and as they may mature, or as they may be redeemed, or as they may be sold upon the instructions of the State. In the event the Contractor is unable to effect collection, it shall promptly notify the State. Notwithstanding any provision of this Contract to the contrary, the proceeds resulting from the maturity of Securities held in the Custody Account shall be wired and credited to the State's Deposit Account established and maintained by the Contractor pursuant to Section A.4.a hereof by no later than 9:00 a.m. on maturity date. The settlement of such proceeds between the Contractor and the State shall occur in the net settlement of the Deposit Account pursuant to Section A.8 on the date the Securities mature. The parties acknowledge that the actual settlement of such Securities will not occur until approximately 5:00 p.m. on the maturity date. As a result, the State agrees that upon notification from the Contractor of non-receipt of the proceeds by 5:00 p.m. on maturity date, the State shall wire to the Contractor the principal amount of such proceeds, plus interest on such amount equal to the equivalent of the effective average Federal Funds rate plus 25 basis points multiplied by the principal amount of the proceeds divided by 360, multiplied by 1. The State shall wire said amount to the Contractor by no later than 10:00 a.m. on the next business day after notification of non-receipt from the Contractor.

i. Correction of Errors. In the event an error is made by the Contractor in crediting monies to the Deposit Account to which the State is not entitled, the State will return such monies to the Contractor within a reasonable period of time upon notification of the error.

j. Financial Statements. The Contractor shall forward to the State all financial statements or other literature received by it in connection with or relating to Securities held by the Contractor for the State immediately upon receipt.

k. Exchanges. The Contractor is authorized to make routine exchanges of Securities. The exchanges contemplated hereunder include exchanges of Securities in temporary form for definitive securities and exchanges in order to reflect changes in names of the issuers. The Contractor shall make such further exchanges of Securities as the State shall direct.

l. Reports. The Contractor shall provide to the State on a monthly basis a report containing the transaction activity of the State occurring pursuant to this Section A.9 during the previous month and a report of holdings as of month end. The specific data to be provided and the format in which it is to be transmitted shall be agreed to by both parties. Such report shall be provided to the State within fourteen (14) calendar days after the end of the month with respect to which the report refers.

10. Special Investment Vehicle.

a. Description. In addition to the Deposit Account established pursuant to Section A.4.a. and the Custody Account established pursuant to Section A.9 hereof, the Contractor shall establish and maintain on behalf of the State a collateralized interest bearing deposit account as described in page 22 of the Contractor's Proposal. Said account shall be held in the name of the State and shall be for the purpose of receiving and investing funds as provided in Section 5.2.4.9 of the RFP. Interest on the balance in the interest bearing account shall be payable by the Contractor on a daily basis and included as part of the net settlement on the next business day. The interest rate shall equal the Federal funds target rate as set from time to time by the Federal Open Market Committee (FOMC), plus 12.5 basis points.

b. No Reserve Requirement. The Contractor represents and warrants that all funds remaining in the Deposit Account at the end of each day shall be invested in the collateralized interest bearing deposit account and shall not be subject to any reserve requirements imposed by the Federal Reserve.

c. Collateral Level. All funds invested in the collateralized interest bearing deposit account shall be collateralized in accordance with the Collateral Pool for Public Deposits Act of 1990, which is codified in Tennessee Code Annotated, Title 9, Chapter 4, Part 5.

11. ***Disaster Recovery Plan.*** In addition to the alternative wire transfer and ACH service resumption plans described in Sections A.5.f and A.6.f, respectively, the Contractor shall maintain a Disaster Recovery Plan that will provide for the continuous and uninterrupted delivery of services

hereunder. Said plan shall be in substantially the same form as the plan outlined in page 24 of the Contractor's Proposal. In the event that any material change to the form of the plan is proposed by the Contractor, the Contractor shall so advise the State in writing. For the purposes of this Paragraph, "material change" shall include, but shall not be limited to, the time required for restoration of services or in the location of the hot site.

12. Insurance.

a. Type Insurance. The Contractor shall cause a Certificate of Insurance Coverage indicating liability insurance in the amount of at least one million dollars (\$1,000,000.00) to be sent to the State for each policy period. The Contractor shall further maintain in full force and effect the Blanket Bond Coverage described in Attachment 1, which is incorporated herein by reference as though fully set forth herein. Said levels of coverage shall not be less than the amount stated therein. All costs of premiums and payment of deductibles for such insurance will be paid by the Contractor and not the State. The Contractor shall notify the State of any claim received from its issuer pertaining to the State. The maintenance of such insurance shall in no way be construed to otherwise limit the liability of the Contractor hereunder.

b. Notification of Change. The Contractor shall notify the State of any material change in, or cancellation of, the policies. For purposes of this Paragraph, a "material change" shall include, but shall not be limited to, a reduction in the levels of coverage, the elimination of a type of coverage, or the transition to another insurance carrier. If at any time during the period of this Contract insurance as required is not in effect, the State shall have the following options: (1) obtain insurance providing coverage equal to that required above, the cost of such insurance shall be payable by the Contractor immediately; or (2) terminate this Contract in accordance with Section D.4 below.

13. Separate Contract. The State acknowledges that the Contractor, in providing services to the State hereunder, shall be operating within a separate contract between the Contractor and the Federal Reserve. Further, the State recognizes that the Contractor must be a party to such an arrangement in order to provide such services to the State.

14. ACH and FED Wire. The State and the Contractor shall comply with all applicable laws, rules and regulations, including the rules of the National Automated Clearinghouse, in its processing and initiation of ACH transactions and requests for transfers of funds under this Contract.

15. Additional Bank Services. In the event the State determines it needs additional services within the Contractor's expertise, the State reserves the right to amend this Contract to provide for such services under terms, conditions, and prices agreed to by both parties.

B. TERM:

This Contract shall be effective for the period commencing on July 1, 2004 and ending on June 30, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million three hundred thousand dollars (\$1,300,000.00). The Unit Rates in Section C.3 shall constitute the entire compensation due the Contractor for the services hereunder and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Unit Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Unit Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

2. Compensation Firm. The Unit Rates in Section C.3 and the maximum liability of the State under this Contract are firm for the duration of this Contract and are not subject to escalation for any reason unless amended pursuant to Section D.2 below.

3. Payment Methodology. The Contractor shall be compensated based on the Unit Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Unit Rates, less the amount of earnings credited to the Deposit Account pursuant to Section A.4.b:

	<i>Services</i>	<i>Unit</i>	<i>Unit Rate</i>
a.	Fed Wire Transfer Services		
	(1) Outgoing wires	Each	\$3.75
	(2) Incoming wires	Each	\$3.75
b.	ACH Services		
	(1) Credits originated (without addenda)	Each	\$0.026
	(2) Addenda records originated	Each	\$0.015
	(3) Debits originated	Each	\$0.026
	(4) Credits received	Each	\$0.026
	(5) Debits received	Each	\$0.026
	(6) Returns/corrections received	Each	\$0.75
	(7) Returns originated	Each	\$0.75
	(8) Dishonor returns originated	Each	\$0.75
	(9) Reversal of originated items	Each	\$1.00
c.	Account Maintenance	Monthly	\$150.00
d.	Custodial Services	Daily	.000045 multiplied by the average daily balance of DTC items held in the Custody Account during the month for which the compensation relates, divided by 360 days, multiplied by the actual number of days in the respective month.

The Contractor shall submit invoices for completed work, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted on a monthly basis and shall, at a minimum, include an itemized list of the unit rates charged for each service performed, the average daily par value of all Securities held in the Custody Account during the month for which the invoice relates, the earnings allowance on the Deposit Account for the applicable month, and the total amount due the Contractor for the period invoiced.

4. *Travel Compensation.* The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

5. *Payment of Invoice.* The payment of an invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

6. *Invoice Reductions.* The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

7. *Deductions.* The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

8. *Payment by ACH.* The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposits (ACH Credits) Form". This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages,

compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

13. State Liability. The State shall have no liability except as specifically provided in this Contract.

14. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under Tennessee Code Annotated, Sections 9-8-101 through 9-8-407.

17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the

parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:
State of Tennessee, Treasury Department
ATTN: Division of Cash Management
11th Floor, Andrew Jackson State Office Building
Nashville, Tennessee 37243
Phone: (615) 741-2520 or (615) 532-1166
Fax: (615) 741-0755

The Contractor:
AmSouth Bank
ATTN: Betty K. Parker, Vice President
315 Deaderick Street
Nashville, Tennessee 37237-0310
Phone: (615) 770-4405
Fax: (615) 748-2731

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service

delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

4. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.

5. Confidentiality. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards. In addition, the Contractor represents and agrees that the work product resulting from this Contract and any specific analysis or evaluation done for the State is for the use and benefit of the State only, and such shall not be transmitted, furnished or sold to any other person, firm or entity without the State's prior written consent.

The Contractor will be deemed to have satisfied its obligations under this Section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor

exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this Section.

The Contractor's obligations under this Section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without use of the State's information; disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed that the obligations set forth in this Section shall survive the termination of this Contract.

6. *Authorized Individuals.* Each party hereto has provided the other party hereto with a list identifying the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given hereunder by the party providing such list. Said lists, which are attached hereto as Attachment 2, shall be valid until revoked or amended by further written notice. The parties hereto shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

7. *Tennessee Consolidated Retirement System.* The Contractor acknowledges and understands that, subject to statutory exceptions contained in Tennessee Code Annotated, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

8. Performance Standards Guarantee

a. Standards. The Contractor agrees the following performance standards shall be met or exceeded and that if such standards are not met on or after October 1, 2004, the Contractor's compensation shall be reduced pursuant to Section E.8.b below:

(1) The use of manual (versus electronic) communication and confirmation of Fed wires and ACH transactions shall not occur for more than two (2) consecutive days.

(2) The statements required in Section A.4.d and e shall be provided to the State within the time frames specified in said Section.

(3) Assuming the Federal Reserve Wire Transfer System is functioning properly, all wire instructions given by the State shall be confirmed within the time requirements specified in Section A.5.

b. Guarantee. If the Contractor does not meet or exceed the performance standard in Subdivision (1) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by five hundred dollars (\$500.00) for each day the standard was not met. If the Contractor does not meet or exceed the performance standard in Subdivision (2) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one hundred dollars (\$100.00) for each day a statement is late. If the Contractor does not meet or exceed the performance standard in Subdivision (3) above, the amount of compensation payable to the Contractor during the month in which the standard was not met shall be reduced by one hundred dollars (\$100.00) for each time the standard was not met.

c. Waiver of Reduction. The State shall notify the Contractor in writing of any reduction in compensation to be made pursuant to this Section. Any amount assessed hereunder may be waived by the State upon presentation of adequate documentation from the Contractor indicating the standard was not met because of a unique problem or situation. Such documentation must be submitted to the State within ten (10) days of the issuance of a notice of reduction.

d. No Limit of Liability. This Section shall not be construed to limit the liability of the Contractor for damages sustained by the State by virtue of any breach of this Contract by the

Contractor nor shall such obligation be construed to limit any other remedies available to the State in equity, at law or otherwise.

9. Representations and Covenants of the Contractor.

a. The Contractor represents and warrants that (1) it is a state depository pursuant to Tennessee Code Annotated, Section 9-4-107; (2) it is a participant in the Collateral Pool created pursuant to Tennessee Code Annotated, Title 9, Chapter 4, Part 5; (3) it is an on-line Fedwire member; and (4) it is a member of the Regional Clearinghouse Association for Nashville, Tennessee and eligible to sponsor the State as an associate member. The Contractor shall promptly notify the State in writing if any of the above representations change or cease to be true and correct in all respects.

b. The Contractor further represents and warrants to the State that (1) it is duly authorized to execute and deliver this Contract, and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance; (2) the persons signing this Contract on its behalf are duly authorized to do so on its behalf; (3) it has obtained all authorizations of any governmental body required in connection with this Contract and the transactions hereunder and such authorizations are in full force and effect; (4) the execution, delivery and performance of this Contract will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected; (5) that any and all collateral pledged to the State hereunder shall be free from any lien or encumbrance; (6) that this Contract has been approved by its Board of Directors and that the approval is reflected in the minutes of the Board; (7) that any collateral pledge transaction under this Contract will fully comply with all the requirements of Section 1823(e) of Title 12 of the United States Code, as amended; and (8) that this Contract and all confirmations and other writings relating to any collateral pledged hereunder constitute and will constitute an official record of the Depository within the meaning of Section 1823(e) of Title 12 of the United States Code, as amended.

10. Changes in Ownership. If at any time during this Contract the Contractor merges with another entity or a change of ownership is effected, the Contractor shall give written notice of such merger or change to the State within five (5) business days of receiving approval of such merger or change from the appropriate regulatory authorities. The Contractor agrees to give the State written


notice within five (5) business days of filing for applicable regulatory approval if the status or viability of this Contract will be affected by such merger or change.

11. Transition of Services Upon Termination. Upon the natural expiration of this Contract or in the event of its termination for any reason, the Contractor shall transfer in accordance with the State's instructions all cash, records and other property of the State to whomever the State may designate in writing to the Contractor. The Contractor agrees to cooperate with the State, and any subsequent contractor selected by the State to perform the services hereunder, in the transition and conversion of such services. The Contractor shall remain liable to the State under this Contract for any acts or omissions occurring on or prior to the date on which all property of the State and all services hereunder have been successfully transferred or converted in accordance with this Paragraph.

IN WITNESS THEREOF, the parties have by their duly authorized representatives set their signatures.

AMSOUTH BANK

BY:


Betty K. Parker, Vice President

4/16/04
Date

STATE OF TENNESSEE
DEPARTMENT OF TREASURY

BY:


Dale Sims, State Treasurer


4/23/2004
Date

APPROVED:

STATE OF TENNESSEE

DEPARTMENT OF FINANCE AND ADMINISTRATION

BY:



M. D. Goetz, Jr., Commissioner

JUN 15 2004

Date

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

BY:



John G. Morgan, Comptroller

6/21/04

Date

ACORDTM**CERTIFICATE OF INSURANCE**

ISSUE DATE

03/15/2004

PRODUCER

MCGRUFF, SEIBELS & WILLIAMS, INC.
P.O. Box 10265
Birmingham, AL 35202
205-252-9871

This certificate is issued as a matter of information only and confers no rights upon the Certificate Holder. This Certificate does not amend, extend or alter the coverage afforded by the policies below.

COMPANIES AFFORDING COVERAGE

Company A Federal Insurance Company

Company B

Company C

Company D

Company E

INSURED

Amsouth Bancorporation
P.O. Box 11007
Risk Management Department
Birmingham, AL 35288

This is to certify that the policies of insurance described herein have been issued to the Insured named herein for the policy period indicated. Notwithstanding any requirement, term or condition of contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all the terms, conditions and exclusions of such policies. Limits shown may have been reduced by paid claims.

CO LT	TYPE OF INSURANCE	POLICY NUMBER	EFFECTIVE EXPIRATION	LIMITS OF LIABILITY	
	GENERAL LIABILITY <input type="checkbox"/> Commercial General Liability <input type="checkbox"/> Claims Made <input type="checkbox"/> Occurrence <input type="checkbox"/> Owners' and Contractors' Protection <input type="checkbox"/> <input type="checkbox"/> General Aggregate Limit applies per: <input type="checkbox"/> Policy <input type="checkbox"/> Project <input type="checkbox"/> Location			EACH OCCURRENCE	
				FIRE DAMAGE	
				MEDICAL EXPENSE	
				PERS. AND ADVERTISING INJURY	
				GENERAL AGGREGATE	
				PRODUCTS AND COMP. OPER. AGG.	
	AUTOMOBILE LIABILITY <input type="checkbox"/> Any Automobile <input type="checkbox"/> All Owned Automobiles <input type="checkbox"/> Scheduled Automobiles <input type="checkbox"/> Hired Automobiles <input type="checkbox"/> Non-owned Automobiles <input type="checkbox"/>			COMBINED SINGLE LIMIT	
				BODILY INJURY (Per person)	
				BODILY INJURY (Per accident)	
				PROPERTY DAMAGE (Per accident)	
				COMPREHENSIVE	
				COLLISION	
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY			WC Statutory Limit	Other
				EL EACH ACCIDENT	
				EL DISEASE (Each employee)	
				EL DISEASE (Policy Limit)	
	EXCESS LIABILITY <input type="checkbox"/> Occurrence <input type="checkbox"/> Claims Made			EACH OCCURRENCE	
				AGGREGATE	
A	FINANCIAL INSTITUTION BOND A	81260331H	07/01/2003 07/01/2004		\$ 75,000,000
A	Electronic & Computer Crime Policy	81260332			\$ 75,000,000

CERTIFICATE HOLDER

Evidence of Insurance
P.O. Box 11007
Birmingham, AL 35288

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT A FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE ISSUER, COMPANY, ITS AGENTS OR REPRESENTATIVES.

Authorized Representative

Certificate ID # RYFHPF9B

ATTACHMENT 2

Pursuant to Section E.6 of the Contract between the State of Tennessee, Treasury Department, hereinafter referred to as the "State", and AmSouth Bank, hereinafter referred to as the "Contractor", each party has outlined below the individuals from whom the other party is authorized to accept any notices, requests, demands, or other advice which may be given under the Contract. This Attachment 2 shall be valid until revoked or amended by further written notice. The parties shall only be entitled to rely on notices, requests, demands, or other advice given by such individuals.

AUTHORIZED INDIVIDUALS OF THE STATE

<u>Authorized Individual</u>	<u>Position</u>
Steve Curry	Assistant to the Treasurer
Tim McClure	Cash Manager
Randy Graves	Senior Portfolio Manager

The individuals listed above, auditors employed by the state of Tennessee, and the following individuals are authorized to make inquiries concerning the Contract. Inquiries include requests for Account balances, inquiries concerning Account transactions, and requests for information concerning statements and confirmations. Such requests may be written or verbal.

<u>Authorized Individual</u>	<u>Position</u>
Rick DuBray	Director of Accounting
Kim Morrow	Accounting Manager
Karen Baumgartel	Operations Supervisor
Kim Otts	Accounting Technician

4/23/2004

Date Effective

Dale Sims

Dale Sims, State Treasurer

AUTHORIZED INDIVIDUALS OF CONTRACTOR

<u>Authorized Individual</u>	<u>Position</u>
Betty K. Parker	Vice President
James Armistead	Senior Vice President
Julia Suddath	Vice President
Jane Edwards	Vice President

4/16/04

Date Effective

Betty K. Parker

Betty K. Parker, Vice President